

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1175 - HB 1588

March 12, 2011

SUMMARY OF BILL: Requires a lessor to maintain records establishing the lessor's cost for each item of merchandise that is the subject of a rental-purchase agreement for two years following termination of the agreement. Prohibits maximum total payments exceeding two and one-half times the cash price. Adds as a violation of the Consumer Protection Act, which is a Class B misdemeanor, a lessor's intentional charging of more than two and one-half times the cash price. Adds as penalties for such violation, the voiding of the agreement, retention of the merchandise by the consumer, and refund to the consumer of all payments made as a result of the violation.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to the Department of Commerce and Insurance, the bill creates an additional specific ground for which the Division of Consumer Affairs will be required to receive, investigate, and mediate consumer complaints.
- Based upon information provided by the Department, the increase in investigations and complaints is anticipated to be not significant. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes, and costs collected. These expenditures and revenue are estimated to be not significant.

SB 1175 - HB 1588

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/sbh